

State of the City 2014 - Mayor Jim Brainard

Carmel Chamber Luncheon – Wednesday, October 08, 2014



I want to welcome you all and thank you for joining us today to learn more about what the future holds for the City of Carmel.

I look forward to this opportunity to review what has happened during the past year and share our goals with you.

First, I want to share with you a recent recognition Carmel received.

BEST PLACES TO LIVE

- We **again** were ranked among the Best Places to Live in America by *Money* Magazine for cities with a population of 50,000 to 300,000. Every two years they rank cities of this size and we were honored to place third this year after being named #1 in 2012.
- I used to pay little attention to rankings such as this until I found out that Money magazine bases its findings on statistical analysis, detailed research and actual site visits. This year, they started with 781 cities and looked at 50 factors using data from various sources to compare local economies, housing, schools and healthcare. That analysis reduced the field to 35 cities, which their reporters visited.
 - Companies and individuals look to these and other rankings to help narrow their search when deciding where to locate a business or where to live.

- In addition to this honor from CNN Money Magazine, Carmel has been ranked:
 - #1 Safest suburb by Movoto – a real estate website basing rankings on FBI and crime statistics
 - #1 Best Small City in America by a website named Nerdwallet
 - Among Top 10 Best Cities for Kids by Livability.com.

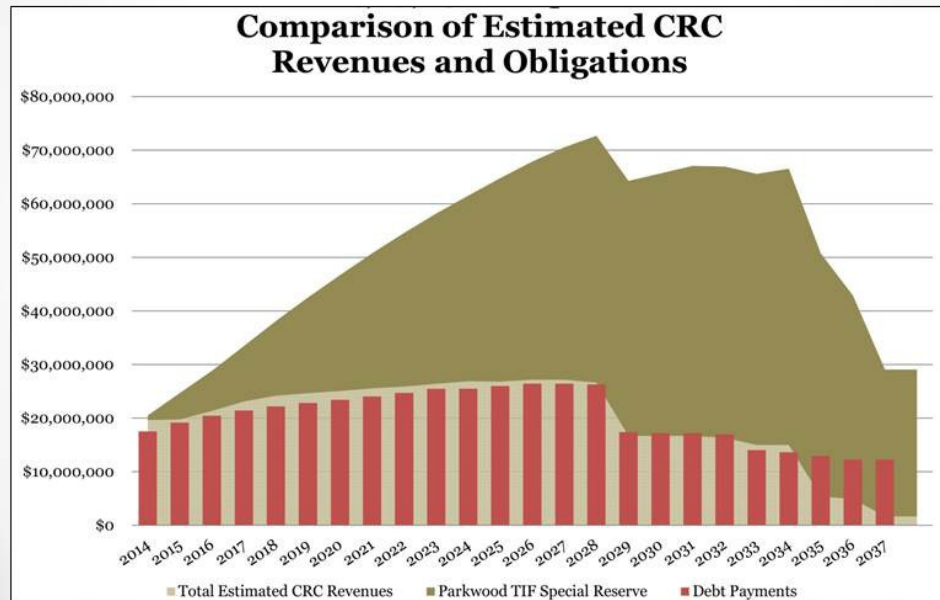
FINANCES

- One key element that has allowed us to grow and attract business is our focus on strong fiscal management.
- Standard & Poor's, raised our property tax bond rating to double A plus, which is an excellent rating for a city our size.
- S&P ranked Carmel high because it had:
 - "a very strong economy / strong fiscal management / good planning practices
 - ... and strong budgetary performance and very strong liquidity providing very strong cash levels to cover both debt service and expenditures."
- This rating was part of a financial assessment in anticipation of bond sales held in April.
- This strong rating allowed us to refinance a significant amount of debt / take advantage of much lower interest rates /saving taxpayers about \$8 million in debt payments.
- Since I took office, I have worked closely with accountants and financial planners to create a 10-year fiscal plan for the City. It's a document that is constantly being studied and adjusted as things change, so we always have a clear picture of our current and projected financial status.
- One of my goals today is that you leave here with a good understanding of why it makes fiscal sense to redevelop our central core

TIF AND PUBLIC PRIVATE PARTNERSHIPS

- One of the best tools for redevelopment is tax increment financing, commonly referred to as TIF. This type of financing allows us to use anticipated new revenue from redevelopment and borrow against that revenue for 25 years. We can then use the bond proceeds to build infrastructure that supports the redevelopment projects.

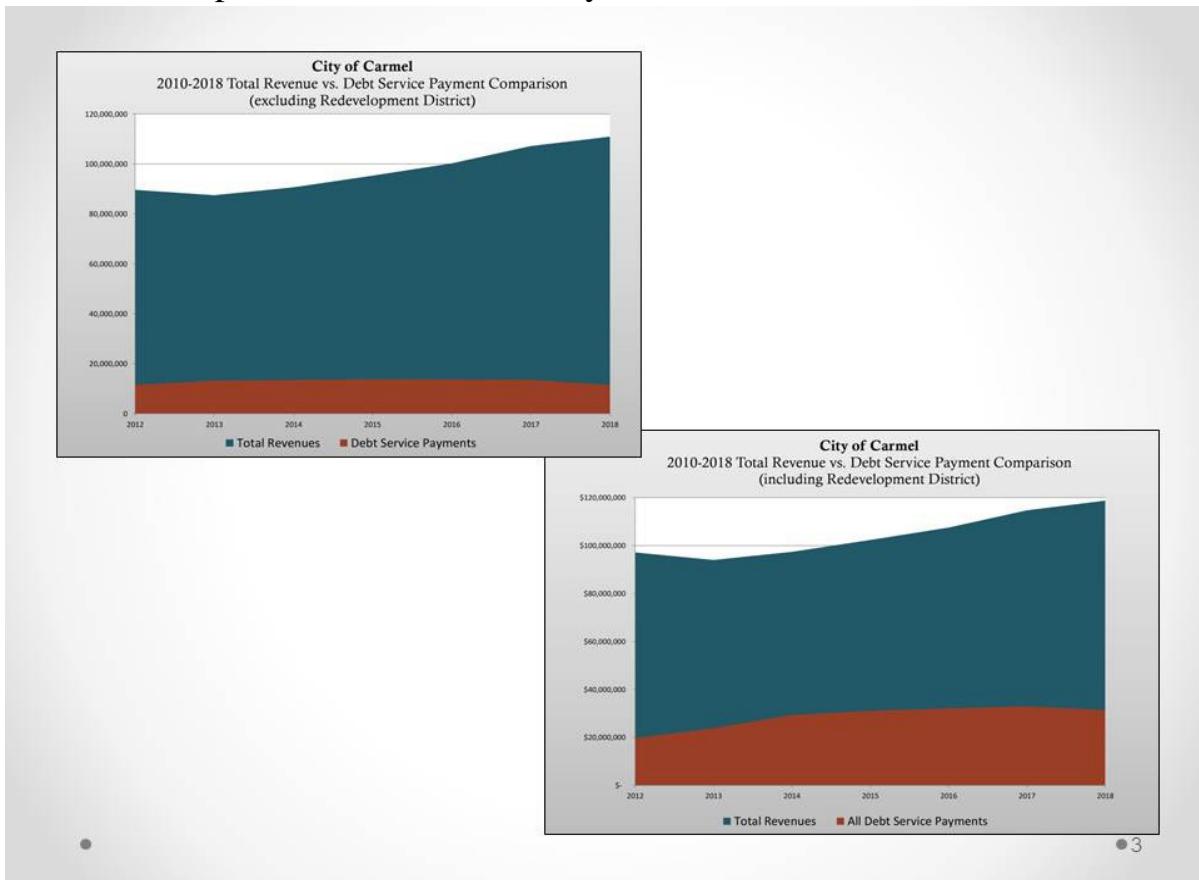
Tax Increment Financing (TIF)



- Here is a chart that shows CRC debt repayment and how it compares to TIF and other income sources available to pay that debt.
 - The red lines represent the bond payment amounts
 - The beige represents TIF and other revenue
 - The large remaining section in the back of the chart is the accumulating TIF funds
- We will have \$27 million left after the last bond payment.
- In addition to the \$27 million – we will have built structures that will have an assessed value of \$1.2 billion when TIF areas expire– based on current (2014 / 2015) values
 - When this assessed value becomes part of the overall tax base
 - Carmel no longer uses those funds for infrastructure
 - Additional assessed value will help keep Carmel property taxes low for decades to come.

CITY'S OVERALL DEBT

🕒 It's also important to look at our City's debt in relation to revenues.



- Chart #1 shows Carmel's annual debt service payments are less than 15 percent of its revenue for all debts expected to be paid from general tax revenue.
- Chart #2 shows Carmel's revenue compared to annual debt service payments including TIF, which is dollar for dollar. We receive a dollar to use in our community for every dollar of tax revenue generated.

OTHER BENEFITS OF REDEVELOPMENT

- Carmel would not be the thriving city it is today, able to compete globally for commerce, without our redevelopment efforts.
- Our TIF districts are producing approximately \$22.7 million each year to build our redevelopment projects
- We've been able to bring vibrancy and pride back to neighborhoods that felt long forgotten. Those of you who attended our two new festivals this year, Porchfest and Carmel on Canvas, know what I am talking about.
 - Porchfest put the neighborhood just north of Main Street on center stage as generous homeowners offered their front porches to about 50 different

bands who played throughout the day. The new cottage-style homes featured in this area during Porchfest, have added millions in assessed value to the city and improved an area that was struggling in the past.

- Carmel on Canvas brought 65 painters to the Arts & Design District to compete in a plein air paint out, where the beauty of our built environment inspired their works of art. Seeing our city reflected through the eyes of these artists, it was very evident that they found much beauty in our city.
- Through public private partnerships and the use of TIF we have built a new city landscape with mixed uses and a concentration of activities that creates a vibrant central downtown for our city.
- Carmel is a place where people want to live, where we have unique, architecturally significant places designed with human interaction in mind.

COMPARING THE COST OF DEVELOPMENT – GREEN FIELD VS. CENTRAL CORE

- As we develop our city, it is important to look at the costs involved.
- We are focused on creating a sustainable city. One way to do that is to look at the costs of building and maintaining our city in its central core compared to the costs associated with green-field development
- A large portion of taxpayers' money is spent building and maintaining streets, water and sanitary sewer systems, fire stations and storm water systems as well as providing police patrols and other basic government services. When developers build new neighborhoods in green fields, away from existing structures and services, even though they bear some of the expenses, it still costs taxpayers more to build and maintain these areas than redeveloping sections where city services already exist. Sometimes, the new tax revenue doesn't cover the costs associated with the new development.
- Converting a mile of country road to a lane of city street = \$7 million
- Fire station = \$2.5 million to build and = \$2 million to run each year
- When developer uses TIF – the taxes from the new development helps pay for the infrastructure
- Example: It's important to recognize this because the City's property taxes are calculated on the basis of square footage. It's easy to visualize that when we build a 5-story building, we receive 5 times the property tax revenue than a single story building would pay. The city would also receive 5 times the income tax, 5 times the sales tax and 5 times the economic activity on that site.
 - But, developers don't want to construct a 5-story building or higher, because they must then also build a large parking lot for employees' cars.

This makes the area less walkable. Pedestrians don't like walking through large parking lots.

- However, if we take 80 percent of the tax income from the redevelopment area and put that toward the construction of a parking structure, we still have 20 percent of the tax increment coming to the city to use for other infrastructure in that area.
- If we had built a one story building, this 20 percent is all the city would ever have received, but when we use the 80 percent for the parking garage, the project is greatly improved and when the TIF bond is paid off, we have created 5 times the revenue for our children and grandchildren.
- As I have said before, when we build in an area that already has city services, we are spending less taxpayer money to provide these services than we would building in a green field area where we would have to expand those services

WHAT REDEVELOPMENT HAS ALLOWED US TO DO

- It is clear that Carmel is in a much more competitive position for commerce and quality of life because of the redevelopment efforts of the City and business community. It's important to understand that even 10 years ago, Carmel had gravel parking lots and cinder block buildings and shuttered factories and warehouses dotting Main Street. It was not an attractive city and it was not attracting businesses.
 - The *New York Times* had this to say about redevelopment in Carmel.
 - "...The Arts and Design District set the stage for much of Carmel's development over the last decade...This has resulted in an active retailing and dining district reachable on foot and bicycle that swarms with visitors, especially on weekends. It has attracted attention from executives of companies that Carmel is recruiting to the Meridian corridor."
- In addition, we have been featured on the cover of USA Today and many other national and international publications
- As we are featured around the globe, it is important to remember how far we have progressed with our redevelopment efforts
- Here are some visual reminders in the form of before and after pictures starting in the **Arts & Design District**:



- Main Street and 1st Ave SW = we transformed this from gravel lots and empty buildings to retail, galleries, restaurants including Muldoon's and Bazbeau's and apartments



- Main and Range Line (SE corner) = from cinder block to Old Town Shoppes I & II where Chamber offices and Hamilton County Tourism along with galleries, shops and restaurants



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- Monon & Main Condos along Main street with retail on 1st floor



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- Old Tuesday Morning block just west of the Monon = Sophia Square w/2 levels of underground parking, shops, restaurants



- S. Range Line Road where - Old gas station and Liquor Store = Indiana Design Center

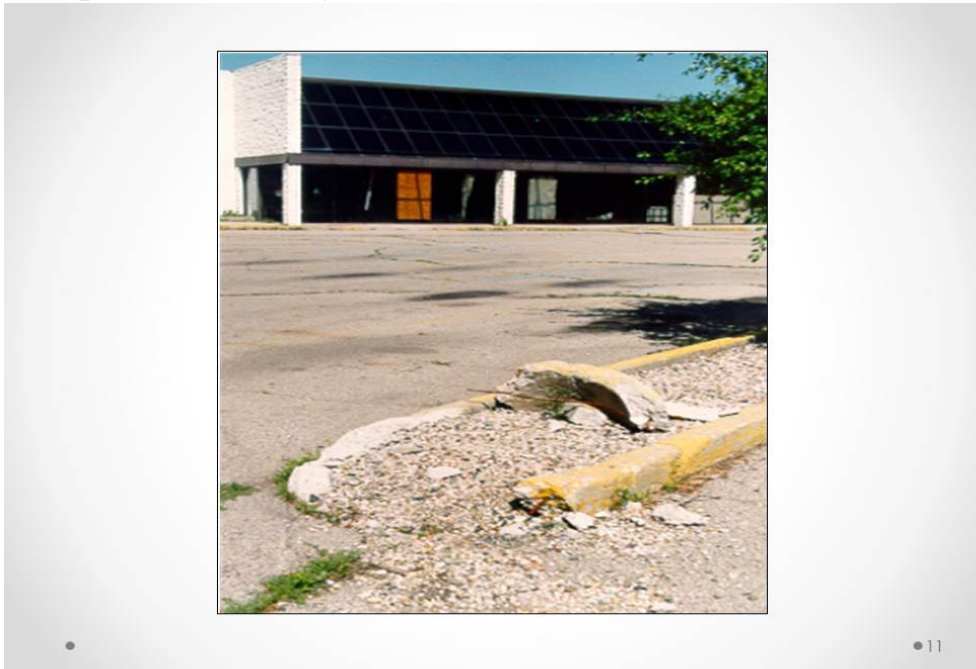


⌚ Here is an example of a **property near the Arts & Design District** that was improved.

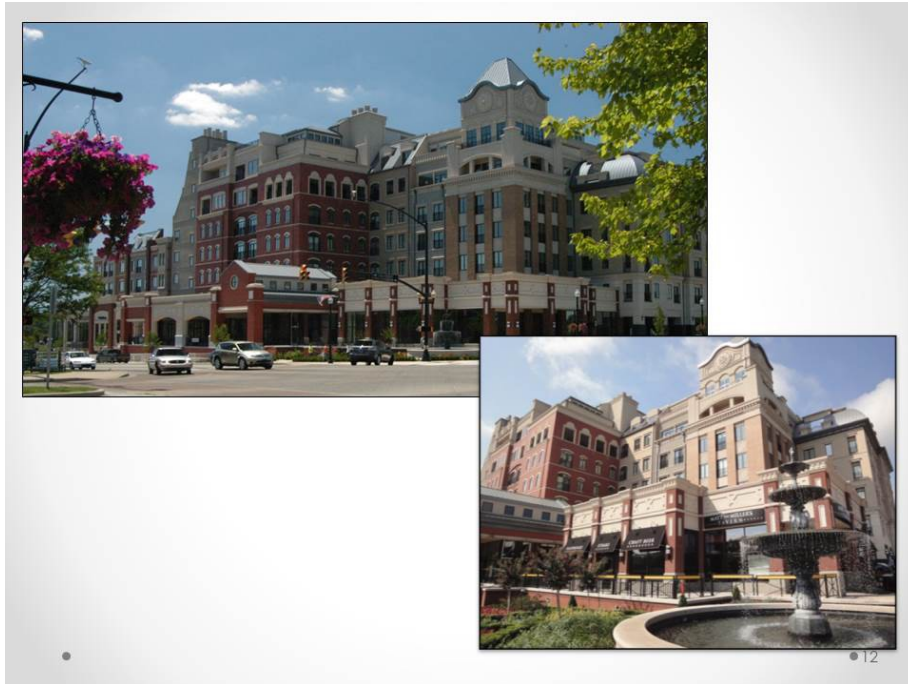
- Main & Guilford from old gas station = Joe's Auto repair



⌚ Redevelopment in the City Center area



- S. Range Line Road and Carmel Drive – remember what the Turkey Hill site looked like before the area was redeveloped



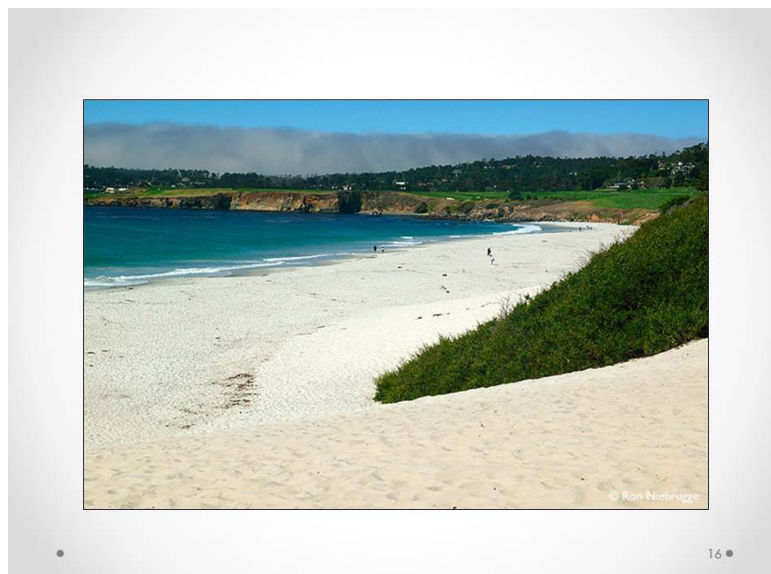
- ⌚ Some of you may even remember what City Center looked like before we built the following buildings
 - S. Range Line Road and City Center Drive - Old Kroger lot = City Center and The Center of the Performing Arts, including the Palladium and Tarkington and Studio Theaters.

REDEVELOPMENT HAS ALLOWED US TO COMPETE GLOBALLY FOR ECONOMIC DEVELOPMENT

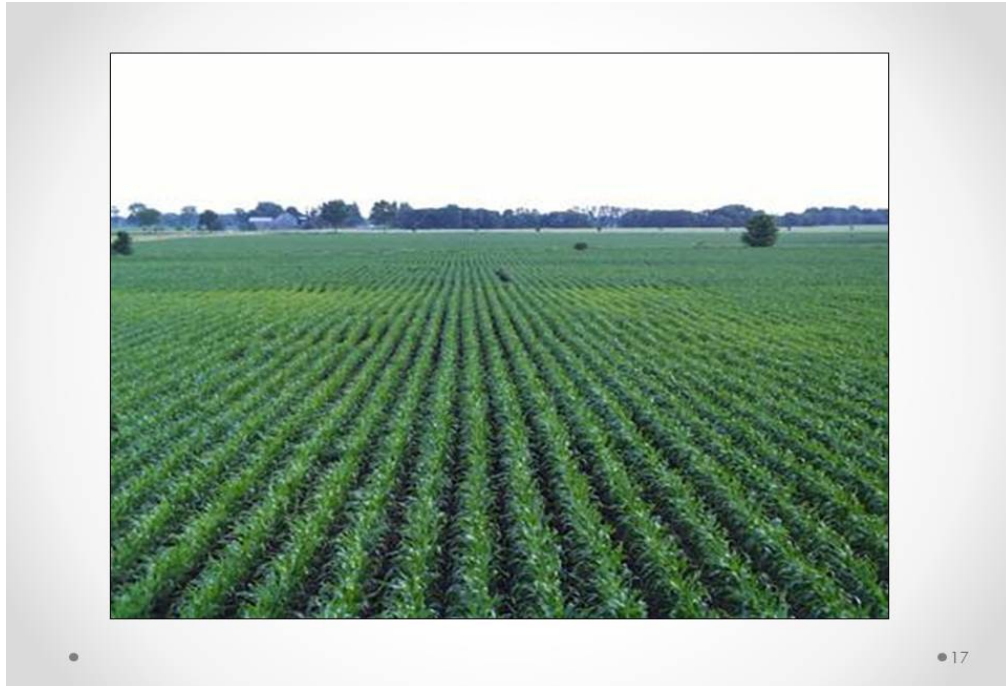
- Because we are designing a new city that will be in place for hundreds of years, the responsibility of doing it right falls to this generation. Much of my time has been spent talking to companies who may want to move their companies or being employees here.



- When I visit them, I like to show them a few slides at the beginning to get them thinking about how we are redeveloping Carmel. I show them –



- San Diego, Vail, a beach in California and remind them that this is not the palette we have to work with. We don't have seashores, mountains



- Then I show them a corn field and tell them that this is our palette



- Then I show them Paris and remind them that this is a city that started with a similar palette, but has done just fine.
- Our redevelopment projects allow us to attract economic development and compete with cities across the globe for new business
- Increased entertainment, cultural and recreational options provide many opportunities for our current residents and are economic drivers for our community:

- An economic impact calculator tool from the Americans for the Arts estimates that the total impact of our Performing Arts Center is more than \$16 million annually.
- We have ticket buyers from all 50 states.
- More than 500,000 tickets have been distributed to 55,000 households
- We know these amenities are also key to attracting new businesses whose employees want to live in Carmel, Indiana.
- As of this year, **for the first time**, Carmel is now home to more than 50 major corporate and regional headquarters



- It says something about the community when Warren Buffet shows up to cut a ribbon

BUSINESS ATTRACTION AND EXPANSION

- We are focused on attracting and retaining businesses
- We are in a constant dialogue with companies, state & county agencies, real estate developers, site selectors & others in the field of economic development
- American Specialty Health CEO George DeVries, who moved his headquarters here from San Diego, when speaking to the NY Times reporter said, “It makes immense sense for the logic and evolution of our company. Our business costs in Carmel are lower. Our employees like the move. Carmel has done a good job with its redevelopment. It’s a good place to live. Our employees are able to afford homes close to our new office.”
- Bringing high quality professional opportunities to Carmel keeps our residential tax base low.

CARMEL'S LOW TAXES

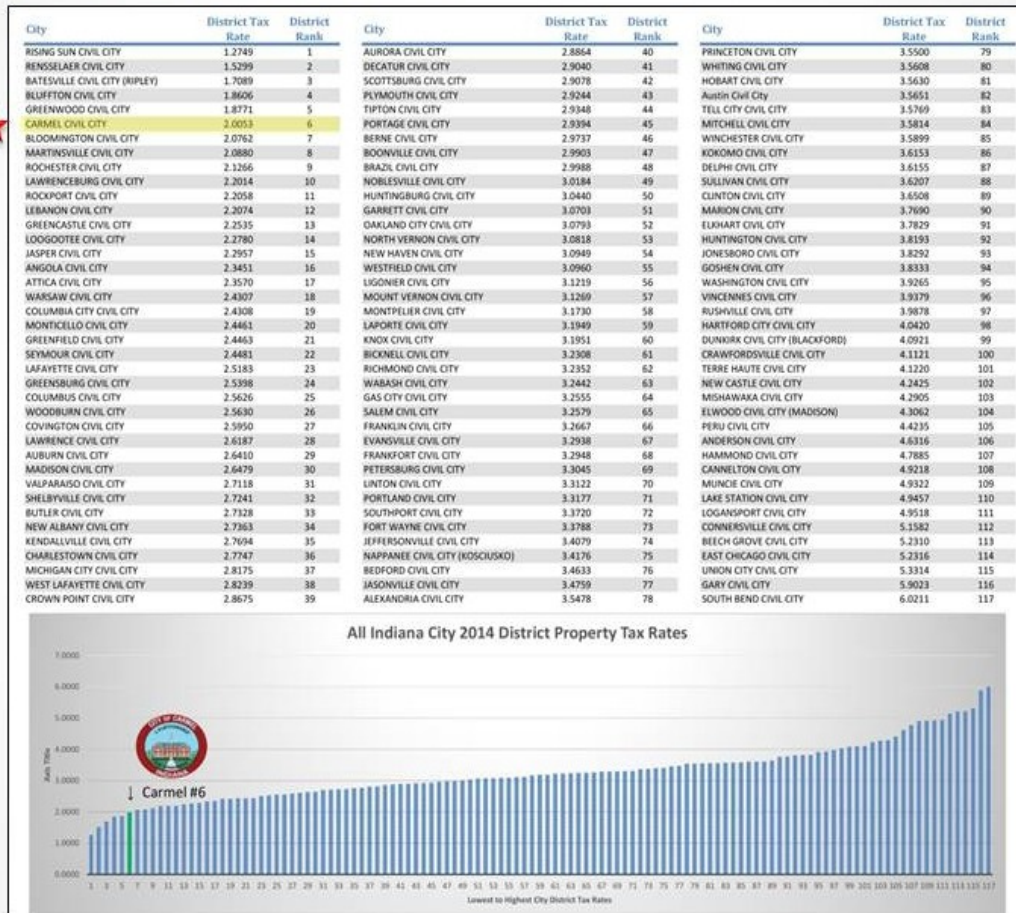
City Only Rates

City	City Rate	Rank (low to High)	City	City Rate	Rank (low to High)	City	City Rate	Rank (low to High)
RISING SUN CIVIL CITY	0.3728	1	LINTON CIVIL CITY	1.0751	35	FORT WAYNE CIVIL CITY	1.4716	69
BLUFFTON CIVIL CITY	0.5604	2	CHARLESTOWN CIVIL CITY	1.1129	36	OAKLAND CITY CIVIL CITY	1.4725	70
RENSSELAER CIVIL CITY	0.5922	3	HUNTINGBURG CIVIL CITY	1.1280	37	CRAWFORDSVILLE CIVIL CITY	1.4767	71
BATESVILLE CIVIL CITY (RIPLEY)	0.6216	4	COLUMBUS CIVIL CITY	1.1311	38	GOSHEN CIVIL CITY	1.4878	72
GREENWOOD CIVIL CITY	0.6609	5	COVINGTON CIVIL CITY	1.1333	39	PLYMOUTH CIVIL CITY	1.4914	73
MONTPELIER CIVIL CITY	0.6942	6	NEW ALBANY CIVIL CITY	1.1470	40	*MICHIGAN CITY CIVIL CITY	1.4952	74
GREENFIELD CIVIL CITY	0.7000	7	HOBART CIVIL CITY	1.1602	41	KNOX CIVIL CITY	1.5087	75
WOODBURN CIVIL CITY	0.7006	8	BUTLER CIVIL CITY	1.1628	42	PRINCETON CIVIL CITY	1.5373	76
CARMEL CIVIL CITY	0.7007	9	ANGOLA CIVIL CITY	1.1662	43	WHITING CIVIL CITY	1.5417	77
CROWN POINT CIVIL CITY	0.7445	10	MARTINSVILLE CIVIL CITY	1.1781	44	FRANKFORT CIVIL CITY	1.5711	78
GREENCASTLE CIVIL CITY	0.7699	11	KENDALLVILLE CIVIL CITY	1.1928	45	BEECH GROVE CIVIL CITY	1.5932	79
JASPER CIVIL CITY	0.7879	12	WARSAW CIVIL CITY	1.1950	46	BOONVILLE CIVIL CITY	1.6252	80
WESTFIELD CIVIL CITY	0.8075	13	NORTH VERNON CIVIL CITY	1.1965	47	WABASH CIVIL CITY	1.6334	81
SOUTHPORT CIVIL CITY	0.8084	14	SEYMOUR CIVIL CITY	1.1999	48	BEDFORD CIVIL CITY	1.6820	82
LOGOOTEETEE CIVIL CITY	0.8185	15	NOBLESVILLE CIVIL CITY	1.2060	49	JASONVILLE CIVIL CITY	1.6871	83
ROCHESTER CIVIL CITY	0.8526	16	GARRETT CIVIL CITY	1.2258	50	HARTFORD CITY CIVIL CITY	1.7129	84
LAWRENCE CIVIL CITY	0.8553	17	TELL CITY CIVIL CITY	1.2376	51	WASHINGTON CIVIL CITY	1.7177	85
LEBANON CIVIL CITY	0.8554	18	NEW HAVEN CIVIL CITY	1.2475	52	NAPPANEE CIVIL CITY (KOSCIUSKO)	1.7290	86
BLOOMINGTON CIVIL CITY	0.8571	19	VALPARAISO CIVIL CITY	1.2576	53	MOUNT VERNON CIVIL CITY	1.7467	87
WEST LAFAYETTE CIVIL CITY	0.8803	20	LIGONIER CIVIL CITY	1.2785	54	KOKOMO CIVIL CITY	1.8036	88
ROCKPORT CIVIL CITY	0.8852	21	PORTAGE CIVIL CITY	1.2852	55	SULLIVAN CIVIL CITY	1.8093	89
GAS CITY CIVIL CITY	0.9071	22	SHELBYVILLE CIVIL CITY	1.2965	56	JEFFERSONVILLE CIVIL CITY	1.8280	90
ATTICA CIVIL CITY	0.9444	23	MONTICELLO CIVIL CITY	1.3242	57	DUNKIRK CIVIL CITY (BLACKFORD)	1.8298	91
COLUMBIA CITY CIVIL CITY	0.9482	24	RICHMOND CIVIL CITY	1.3483	58	TIPTON CIVIL CITY	1.8888	92
AURORA CIVIL CITY	0.9530	25	BRAZIL CIVIL CITY	1.3584	59	ELKHART CIVIL CITY	1.9133	93
DECATUR CIVIL CITY	0.9791	26	FRANKLIN CIVIL CITY	1.3964	60	WINCHESTER CIVIL CITY	1.9273	94
SCOTTSBURG CIVIL CITY	0.9802	27	CLINTON CIVIL CITY	1.4090	61	MUNCIE CIVIL CITY	1.9420	95
Austin Civil City	0.9809	28	*LAPORTE CIVIL CITY	1.4192	62	TERRE HAUTE CIVIL CITY	1.9519	96
LAFAYETTE CIVIL CITY	0.9911	29	PORTLAND CIVIL CITY	1.4245	63	MARION CIVIL CITY	1.9747	97
LAWRENCEBURG CIVIL CITY	1.0390	30	EVANSVILLE CIVIL CITY	1.4285	64	ANDERSON CIVIL CITY	1.9914	98
BERNE CIVIL CITY	1.0430	31	SALEM CIVIL CITY	1.4298	65	MISHAWAKA CIVIL CITY	2.0062	99
MADISON CIVIL CITY	1.0446	32	JONESBORO CIVIL CITY	1.4628	66	CANNELTON CIVIL CITY	2.0188	100
AUBURN CIVIL CITY	1.0564	33	MITCHELL CIVIL CITY	1.4654	67	BICKNELL CIVIL CITY	2.0274	101
GREENSBURG CIVIL CITY	1.0653	34	PETERSBURG CIVIL CITY	1.4707	68	HAMMOND CIVIL CITY	2.0301	102
						DELPHI CIVIL CITY	2.0661	103
						ALEXANDRIA CIVIL CITY	2.0881	104
						VINCENNES CIVIL CITY	2.1580	105
						NEW CASTLE CIVIL CITY	2.1806	106
						HUNTINGTON CIVIL CITY	2.2405	107
						ELWOOD CIVIL CITY (MADISON)	2.2588	108
						LAKE STATION CIVIL CITY	2.4141	109
						EAST CHICAGO CIVIL CITY	2.4185	110
						LOGANSPOUT CIVIL CITY	2.4934	111
						PERU CIVIL CITY	2.5024	112
						RUSHVILLE CIVIL CITY	2.5566	113
						CONNERSVILLE CIVIL CITY	2.9994	114
						GARY CIVIL CITY	3.0956	115
						SOUTH BEND CIVIL CITY	3.3913	116
						UNION CITY CIVIL CITY	3.4144	117



- Out of 117 cities in Indiana, Carmel has the 9th lowest city property tax rate
- With our population at about 86,000, **we are the lowest of any city our size or larger in the State of Indiana.**

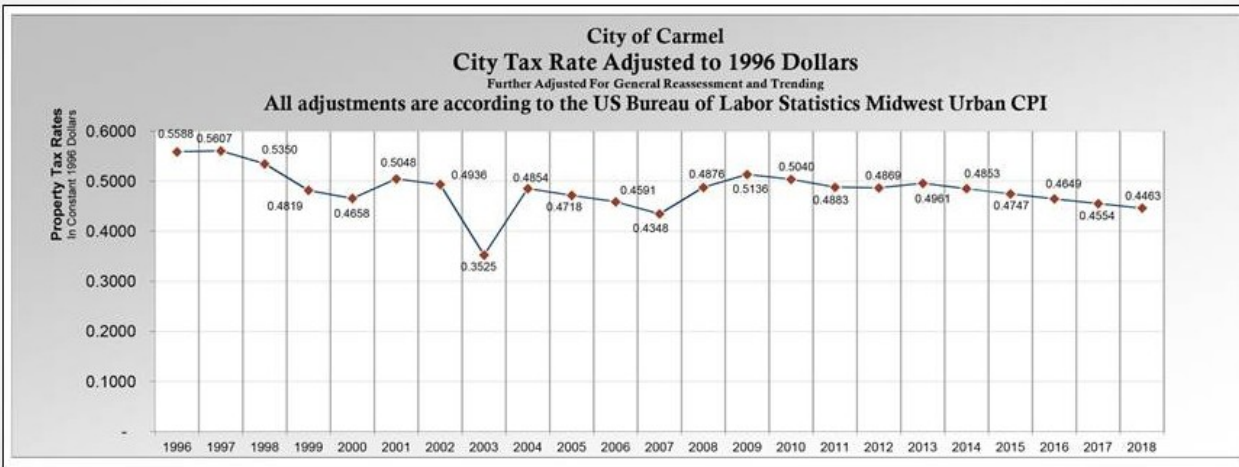
Total Tax Rates



- Even more importantly, our efforts in building the roads to support our business parks, schools, and library, have helped make Carmel's overall tax rate the 6th lowest in the state.

Carmel	Fishers	Noblesville
13447 Dunes Drive	6346 Creekview Lane	17948 Village Way
1998: \$2,814	\$3,213	\$3,219
2014: \$1,739	\$1,851	\$1,973

- We have done a 3-community study—since 1998. It shows that while Carmel's tax rates are lowest of these three communities, our property values are highest.



- This chart shows Carmel's tax rates since 1996, adjusted for inflation. It shows that residents have a lower tax payment this year than in 1996.

WE ARE A YOUNG CITY THAT NEEDS TO CONTINUE BUILDING INFRASTRUCTURE

- Carmel is a young city – we are still building our parks, trails, roads and sanitary sewer and water systems that will be here for centuries. It is important that we recognize the responsibility that falls to this generation to complete these projects in a way that allows us to be competitive now and for years to come.

CITY DEPARTMENTS

As we celebrate our exciting redevelopment projects, it is important to remember that as a city we are still responsible to provide basic services to our citizens. We have many dedicated city employees – many who work around the clock fixing water main breaks in freezing temperatures, climbing into sanitary sewers to make repairs, responding to 911 calls in the middle of the night and making sure snow is cleared from our streets in the dead of winter. Many of these employees are never seen by the general public or recognized for their skills. It is important that we acknowledge and thank these men and women on behalf of the residents and businesses in Carmel.

Here are some examples of the basic services we are providing

- A record snow storm paralyzed much of central Indiana in January.
- Our Street Department worked long, hard hours to keep city streets clear and keep Carmel open for business, long before some of our neighboring communities.
- Our Police and Fire department went door-to-door in neighborhoods that were without power, checking on residents and making sure they were safe and providing assistance when necessary.

STREETS AND ROAD PROJECTS

- For the US 31 project, the State is adding roundabout interchanges in Carmel at:
 - 106th Street / 116th Street / Main Street / and 136th Street
- The City is constructing new roundabouts along some adjacent streets to help traffic flow in the area. These include - 103rd and Spring Mill / 106th & Illinois / Main & Pennsylvania / 136th & Rohrer Road / 136th & Old Meridian
- The city is extending Illinois, connecting it between 116th and 106th Streets
- Improvements have been made to the Roundabout at Main & Illinois
- \$3.8 million budgeted for resurfacing existing streets in 2014.

GREEN SPACE AND INITIATIVES

- Opened Wilfong Pavilion at Founders Park, which will serve, among other things, as the new location of Winter Farmers Market
- Building the city's first public dog park in Central Park
- Completed design work and begun construction on a Playground in Central Park.
- Adding devices to elliptical machines at Monon Community Center to capture and use power generated by users for electrical system at the park

INVESTMENTS IN CARMEL

- Investors continue to have confidence in Carmel and are building several projects in our central core, but outside of the Arts & Design District and City Center.



Edward Rose @ Main & Pennsylvania

The Olivia – Main & Old Meridian



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- We will have some projects going up in the Old Meridian District – Edward Rose and The Olivia - including the extension of Grand Boulevard from Old Meridian to Main Street

Health and Wellness of Carmel Pennsylvania



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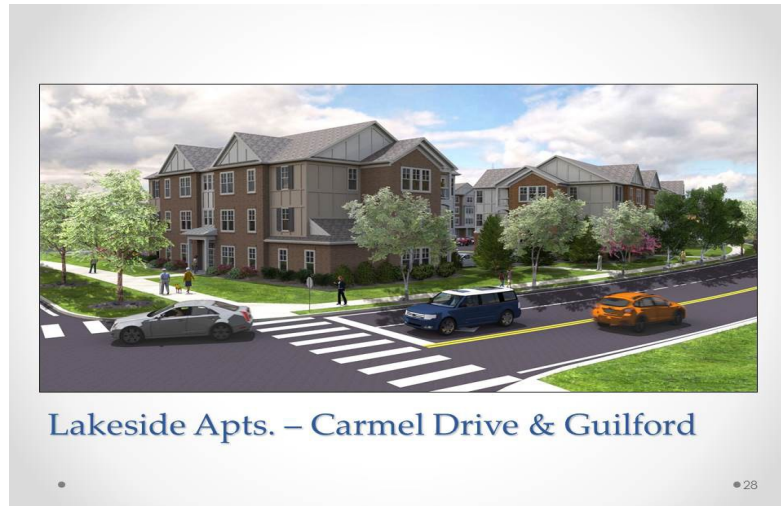
- Health and Wellness Services of Carmel – along Old Meridian

Drury Hotel – NE Corner 96th & US31



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- Drury Hotel – NE corner of 96th and Meridian



- Lakeside Apartments - between Carmel Drive and City Center Drive, just east of Guilford along Clark Street.



- Flix Brewhouse – in Merchant's Square

Seasons Apts. – 99th & Westfield



- Seasons apartments near 99th & Westfield – on the east side of Westfield Boulevard



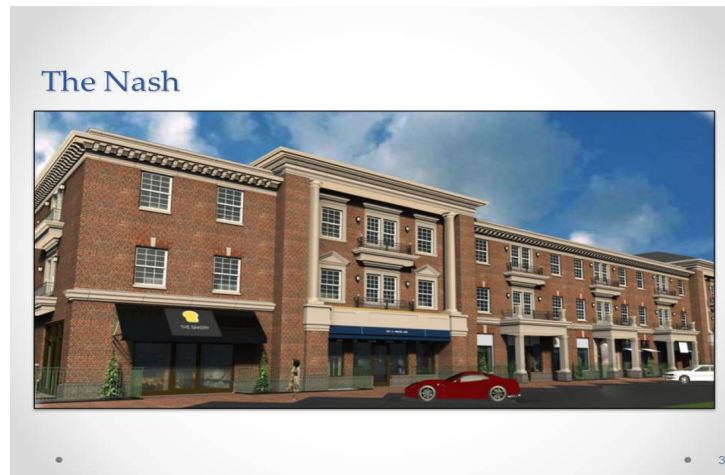
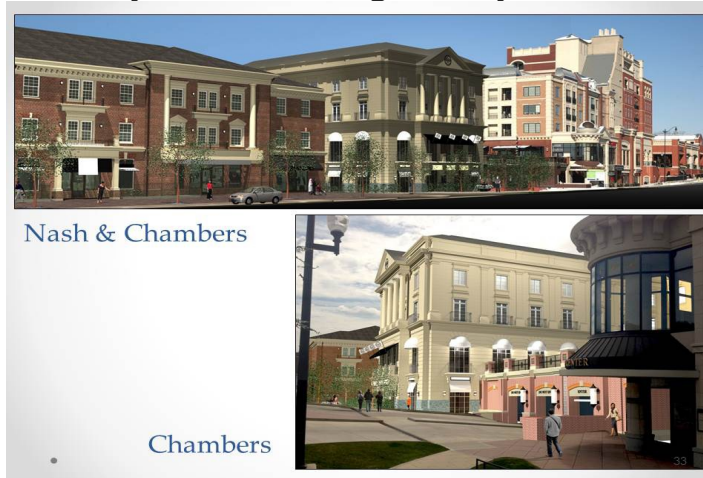
Sunrise – 99th & Westfield (West Side)



- Sunrise apartments and single family homes at 99th & Westfield – on the west side of Westfield Boulevard
- Developers are continuing work at the Legacy, Bridges and Village of West Clay projects as well

REDEVELOPMENT

- There is also a lot of building going on within our City Center and Arts & Design District areas.
- The final phase of City Center was begun last year.



- The Nash, along Range Line Road, is nearing completion and seven other buildings are lined up for construction in City Center by Pedcor development.
- These buildings include:



Chambers



Wren Tower

- Chambers and Wren Tower



City Center Hotel

- City Center Hotel



Windsor Building

Five
Pedcor
Square



- Windsor Building and Five Pedcor Square

Park East



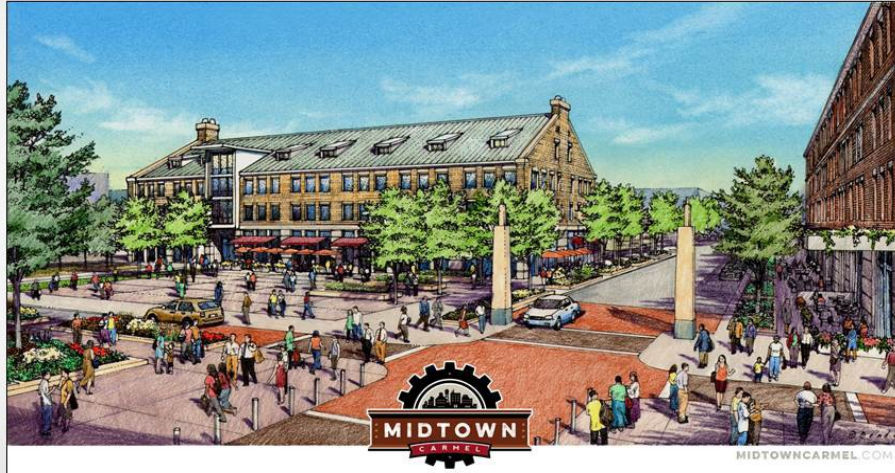
- Park East

The Mezz on Third



- The Mezz on the Monon and The Mezz on Third are also nearing completion. These are being built by Anderson Birkla
- ⌚ We were fortunate to be able to announce, just last month, a plan for connecting the Arts & Design District and City Center.
- ⌚ The Old Town Design Group announced their plans for Midtown

Midtown



- This \$150 million project will include residential units, commercial space and some retail and restaurants
- ⌚ Pedcor also has plans for developing in the Midtown area

Conclusion: The evidence is overwhelming ... new jobs, new corporate headquarters, a vibrant performing arts center that grows each year and draws visitors to our city from all over the country

- Old, forgotten neighborhoods have been revived with new construction and renovations
- Indiana University Public Policy Institute is conducting the most intense, far-reaching study of Carmel's redevelopment efforts going back to the mid-1990s. These are researchers who have done similar projects in Indianapolis and for major clients in central Indiana, who are working hard as we speak to look at the evidence ... the numbers ... the statistics that matter. We hope to soon share the results of this study soon
- I want to take a moment to recognize the other elected officials who help us achieve our goals
 - Member of the City Council, the Clerk-Treasurer and Judge, if you are with us today, please stand and be recognized.
 - Members of all other city boards and commissions, please stand and be recognized

- City employees who are here with us today, please stand and be recognized

Thank you all for your help

- I want to also thank our business community
- It is a strong show of faith & support that you choose to locate your business here
- I understand the risks you take when operating a business, whether large or small and I want you to know that we will work hard every day to make Carmel the best place anywhere to grow a business, raise your family and enjoy life.
- I am looking forward to you being a significant part of our future

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